

CHAPTER 120
SB 173 - FINAL VERSION

2025 SESSION

25-1098
07/05

SENATE BILL ***173***

AN ACT relative to residential property subject to housing covenants under the low income housing tax credit program.

SPONSORS: Sen. Murphy, Dist 16; Sen. Perkins Kwoka, Dist 21; Sen. Pearl, Dist 17; Sen. McGough, Dist 11; Rep. Osborne, Rock. 2; Rep. Alexander Jr., Hills. 29

COMMITTEE: Commerce

ANALYSIS

This bill provides that residential property subject to a housing covenant under the low income housing tax credit program shall be assessed an amount equal to 10 percent of the actual rental income and certain other income.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struck through.]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

CHAPTER 120
SB 173 - FINAL VERSION

25-1098
07/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to residential property subject to housing covenants under the low income housing tax credit program.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 120:1 Taxation; Appraisal of Taxable Property; Residential Property Subject to Housing Covenant
2 Tax Credit Program. RSA 75:1-a is repealed and reenacted to read as follows:

3 75:1-a Residential Property Subject to Housing Covenant Under the Low-Income Housing Tax Credit
4 Program.

5 The appraisal for property tax purposes on multifamily residential rental property which is governed by
6 section 42 of the Internal Revenue Code and which is subject to a recorded housing subsidy covenant
7 that restricts tenant eligibility and rents shall, upon the affirmative request of the taxpayer, be determined
8 under this section. A copy of the recorded land use restriction required by section 42 of the Internal
9 Revenue Code or other low income rental use restriction covenant required by the New Hampshire
10 housing finance authority, is sufficient proof that the property is eligible for assessment under this section.

11 I. To make an election for an appraisal of property subject to a housing covenant under the low-
12 income housing tax credit program, the taxpayer shall, by October 1 preceding the tax year for which the
13 election is sought, provide written notice to the municipality of the taxpayer's election to be assessed
14 under this section, using a form prepared by the department of revenue administration. A property that as
15 of April 1 of the tax year is under construction shall not be eligible to apply for assessment under this
16 section.

17 II. When an election is made, the property shall be assessed under this section for the next 10
18 tax years, provided the property remains subject to the housing covenant under the low-income housing
19 tax credit program. A property subject to assessment under this section shall not be granted property tax
20 exemption under RSA 72:23.

21 III. A taxpayer who makes an election under this section shall, by April 15 of each applicable tax
22 year, provide the assessor with the relevant information described in this section, using a form prepared
23 by the department of revenue administration.

24 IV. Financial information that is required from the taxpayer under this section shall be the audited
25 financial statements from the prior calendar year as prepared by a third-party certified public accountant.
26 For properties with financial data for part of the prior calendar year, the assessor shall use the partial data
27 and the projected operating budget for the first full year of operations as provided by the New Hampshire
28 housing finance authority to extrapolate a full year's estimated operation financials.

29 V. A taxpayer making an election under this section shall be liable for taxes on the property in an
30 amount equal to 10 percent of the actual rental income and other income.

31 VI. The assessed value shall be calculated in a manner consistent with this section.

CHAPTER 120
SB 173 - FINAL VERSION
- Page 2 -

1 VII. The assessed valuation of residential rental property subject to a housing covenant under the
2 low-income housing tax credit program shall not take into consideration the value of intangible assets
3 including, but not limited to, government subsidies or grants, below market rate mortgage financing, and
4 tax credits where such subsidies are used to offset project development expenses in order to allow for
5 restricted rents. The assessed valuation shall not take into consideration the actual cost of acquisition or
6 construction of the project.

7 VIII. In this section, "other income" means income that is attributable to the real estate and is
8 ordinary and recurring, including laundry or vending income. Interest on restricted reserve funds shall be
9 considered other income. For properties with nonresidential space that is or can be rented as commercial
10 space to third parties, market rent, considering any legal, market, or covenant restrictions, shall be
11 attributed to such space and shall be considered as other income. Common area space within a property
12 that are used primarily to benefit the property's residents or to provide services to the property's residents
13 shall not be separately assessed and no income shall be imputed to such space.

120:2 Effective Date. This act shall take effect July 1, 2025.

Approved: June 24, 2025
Effective Date: July 01, 2025